

# Audit Committee

28 March 2019



<b>Title</b>	External Audit Report on the 2017/18 Audit and Statement of Accounts		
<b>Purpose of the report</b>	To make a decision		
<b>Report Author</b>	Terry Collier		
<b>Cabinet Member</b>	Councillor Howard Williams	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	The Audit Committee is asked to note the External Auditor's 2017/18 draft audit report (Appendix A).		
<b>Reason for Recommendation</b>	The final ISA 260 is not yet available, this mini version gives an update to the Committee		

## 1. Key issues

- 1.1 External auditors appointed by the Public Sector Auditor Appointments (PSAA), KPMG, are required, in accordance with international auditing standards, to annually report to the Council on:
  - Their opinion on the Statement of Accounts
  - Any uncorrected items in the Statement of Accounts
  - Qualitative aspects of the Council's accounting practices and financial reporting
  - The Annual Governance Statement
  - Their annual Value for Money conclusion
- 1.2 They also report annually on their audit of the Council's accounting and internal control systems.
- 1.3 KPMG have produced a draft ISA260 report. At this stage KPMG do not feel they are in a position to sign off due to their Value for Money work on the acquisitions not being completed. That work is expected to be completed in the summer.
- 1.4 KPMG state in the attached report that 'Subject to all outstanding queries and procedures being satisfactorily resolved we intend to issue an unqualified opinion on the Authority's financial statements'.
- 1.5 The latest draft version of the Statement of Accounts is attached as Appendix B, this is awaiting final agreed sign off from KPMG.

- 1.6 KPMG make six recommendations (pages 16-18 of their report) arising from their statement of accounts audit. These will be responded to, reported back to the Committee, and taken into account for the 2018/19 audit process.
- 1.7 KPMG will provide an oral update on the status of their audit at the meeting.

## **2 Next Steps**

- 2.1 That the Deputy Chief Executive in his role as the statutory Chief Financial Officer continue to liaise with KPMG to ensure a satisfactory completion to the audit.
- 2.2 That management responses are made to the recommendations, and that progress on implementation will be reported back to future meetings of the Committee.

## **3 Financial implications**

- 3.1 KPMG state in their report that 'We have incurred significant overruns on our audit costs. We will agree an additional fee with the Authority and the PSAA in due course'.
- 3.2 A report will be brought to this Committee when the proposed costs are known.

## **4 Other considerations**

- 4.1 There are none.

## **5 Timetable for implementation**

- 5.1 To be determined.

**Background papers: None**

**Appendices: Appendices:**

A – KMPG draft Report

B – Latest Statement of Accounts 2017/18